

UNCLASSIFIED

Iraq

Status Report

October 14, 2009



Bureau of Near Eastern Affairs
U.S. Department of State

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HIGHLIGHTS



- **IHEC Urges COR to Pass a New Electoral Law (*POLITICAL*, page 4).**
- **UK-Iraq Security Agreement Approved by Iraq COR (*SECURITY*, page 8).**
- **Senior U.S. Official Speaks about Ways to Increase Investment in Iraq (*ECONOMIC*, page 14).**
- **Iraq Participates in the 6th Regional Conference of Interior Ministers (*DIPLOMATIC*, Page 18).**

POLITICAL - Governance & Legislation

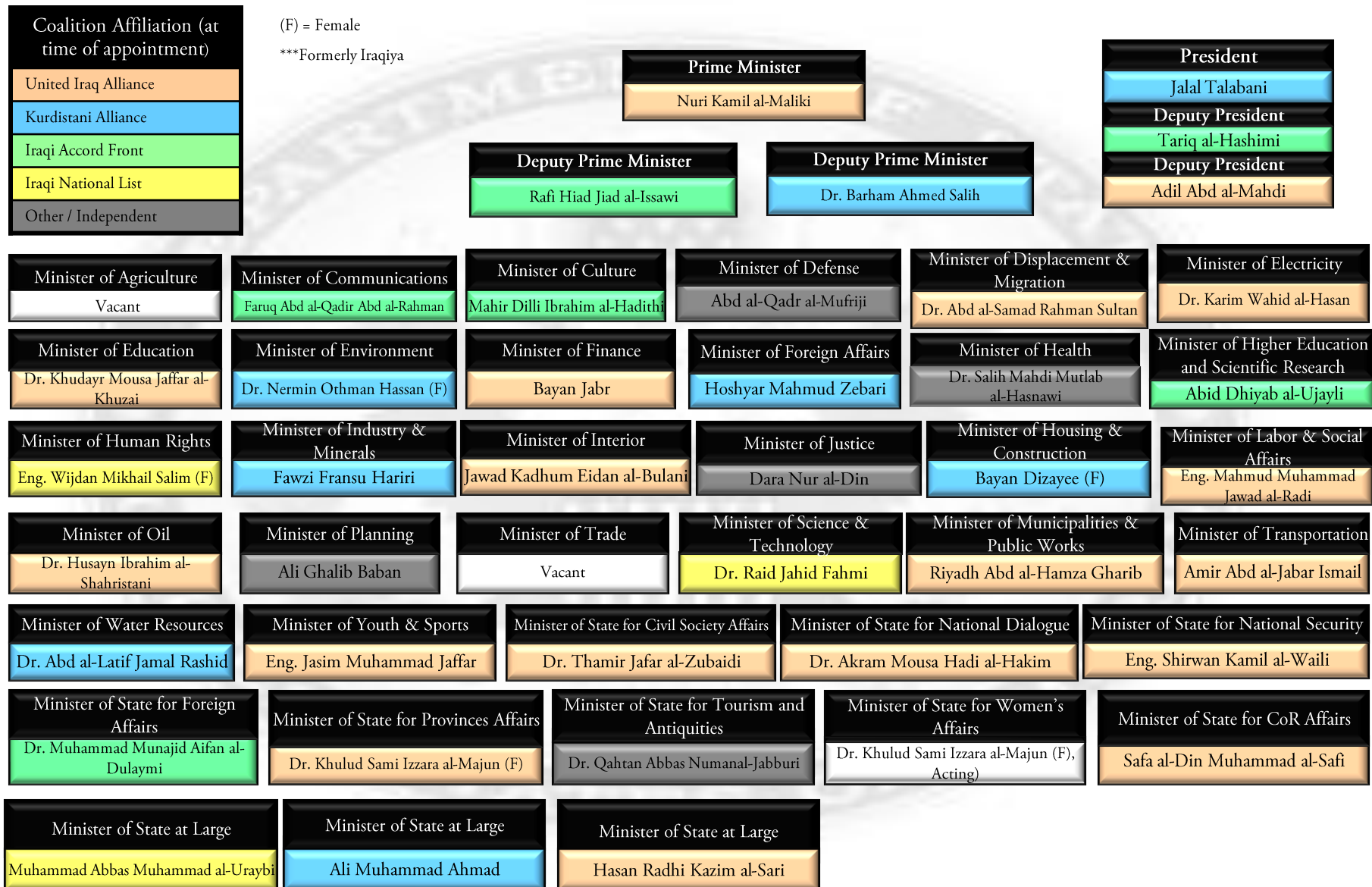


Election law still being debated

IHEC Urges Iraqi Lawmakers to Ratify Electoral Law:

- Faraj al-Haidari, head of the Independent High Electoral Commission (IHEC), urged legislators of all parties to pass a new electoral law immediately. Al-Haidari's warnings convey that timing has become an issue of concern with regards to the technical aspects of the January election, including ballot printing and expatriate- and displaced-voter registration. MPs have been debating whether to adopt an open- or closed-list election system. Grand Ayatollah Ali al-Sistani, a top Shi'a cleric, has encouraged the adoption of open lists as a more transparent process for the public to choose their representation.

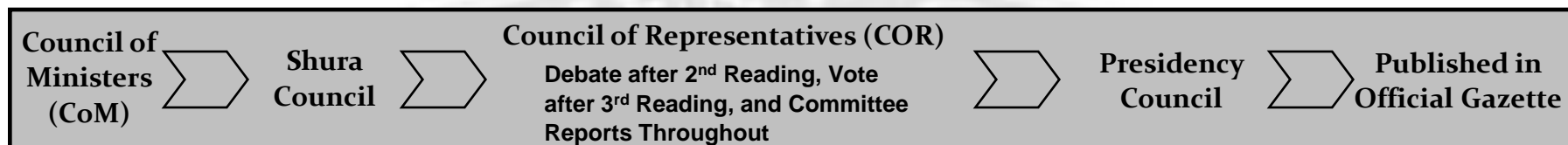
POLITICAL – Government of Iraq





POLITICAL – Key Legislative Issues

Legislative Process



- **Hydrocarbons Package:** The Framework Law was resubmitted to the Oil and Gas Committee on October 26, 2008 and then returned to the Council of Ministers. There has been no progress on the other three laws in the package.
- **NGO Law:** This law will regulate the operations and funding of Non-Governmental Organizations operating within Iraq. It received its first reading in the Council of Representatives on April 20, 2009.
- **National Elections Law:** A draft of a proposed national elections law is in committee but has not been finalized.

POLITICAL - Refugee Update



- **There are 295,304 Iraqi refugees currently registered with UNHCR in neighboring countries. There are likely significant numbers of unregistered refugees as well. UNHCR reports that 1.5 million Iraqis displaced by sectarian violence following the Samarra Mosque bombing of February 2006 remain internally displaced in Iraq.**
- **In FY09, the State Department's Bureau of Population, Refugees and Migration contributed \$ 303.4 million to international organizations and nongovernmental organizations to assist displaced Iraqis inside the country and in the region.**
- **The U.S. admitted 18,838 Iraqi refugees in FY09.**
- **Since the program's inception in FY07, 34,510 Iraqi refugees have been admitted for U.S. resettlement.**
- **As of June 2009, a total of 770 Special Immigrant Visa (SIVs) have been issued for Iraqi translators and interpreters since FY08 (under the Section 1059 program).**
- **As of June 2009, a total of 2,081 SIVs have been issued for Iraqis employed by or on behalf of the U.S. government since FY08 (under the Section 1244 program).**
- **Secretary of State Hillary Clinton announced July 24 that the United States was contributing more than \$100 million in new assistance to support the return and reintegration of displaced Iraqis.**

SECURITY – Transition



GOI affirms British military and training assistance

UK-Iraq Security Agreement Approved by Iraq COR:

- Iraqi lawmakers voted on October 13 to approve a bilateral security agreement with Britain, allowing the limited presence of British troops in Iraq. Earlier this year, the UK withdrew its remaining troops from Iraq when its security agreement expired and the Iraqi parliament delayed approving an extension. This new agreement permits a small contingent of approximately 100 British personnel to provide security for southern oil ports and to train the ISF for one year.

Official Transfer of JSS Rabiya Yields Complete Control of West Mosul to ISF:

- Joint Security Station (JSS) Rabiya was officially transferred to the Government of Iraq and Iraqi Security Forces during a Transfer of Authority ceremony on October 7. The JSS was the last security station occupied by U.S. Forces in west Mosul. Lt. Col. Phil Brooks, commander, 3rd Battalion, 8th Cavalry Regiment, 3rd Heavy Brigade Combat Team, 1st Cavalry Division said, "Today marks an important milestone for the Soldiers who stand before you and the people of western Mosul," during his speech at the ceremony. The ISF now controls all of western Mosul.

SECURITY – Situation



New general to lead MNSTC-I and NTM-I

MNSTC-I / NTM-I Change of Command:

- U.S. Army Lieutenant General (LTG) Michael D. Barbero assumed command of Multi-National Security Transition Command – Iraq (MNSTC-I) and NATO Training Mission – Iraq (NTM-I) during a change of command ceremony on October 7. MNF-I Commander General Ray Odierno accepted the unit colors from the outgoing MNSTC-I Commander LTG Frank Helmick and passed them on to LTG Barbero, signifying the changing of command. Among the ceremony's guests were U.S. Ambassador to Iraq Christopher Hill and senior Iraqi military and civilian leaders.

ECONOMIC – Oil



Oil prices are rising, but exports and production remain below 2009 targets

Crude Oil Update:

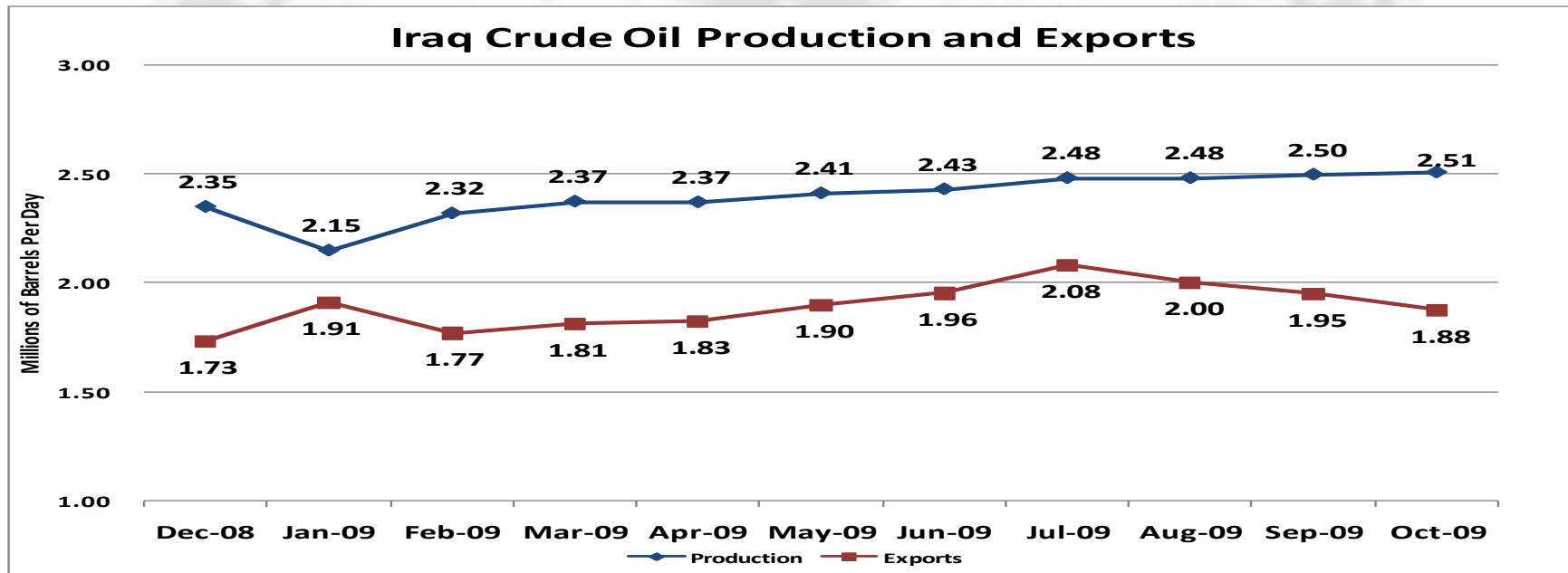
Price averages in world markets closed with the following prices:

Basrah Light at \$67.14/barrel

Dated Brent at \$68.36/barrel

WTI Cushing at \$70.86/barrel

Oman/Dubai at \$68.86/barrel



Revenue estimates:

2007: \$41.0 Billion

2008: \$61.9 Billion

2009 (ytd): \$28.5 Billion

*New revenue formula is used for 2009 that is more accurate, if lower.

ECONOMIC – Oil



GOI finalizes BP/CNPC contract, while getting new offers on old bids

KRG Halts Oil Exports:

- The Kurdistan Regional Government (KRG) announced that it had halted all oil exports from the region until the Government of Iraq paid the two international companies pumping the oil. The decision to halt oil exports was made by the KRG in conjunction with DNO and Genel Energy, the Norwegian and Turkish companies extracting oil from the Kurdish Tawke and Taq Taq fields. An adviser to the Minister of Oil confirmed the halt in KRG oil exports and stated that the GOI had no intentions to adhere to the terms of the KRG contracts because there had been no political settlement on federal and regional powers in the management of the oil and gas sector.

ECONOMIC – Oil



GOI finalizes BP/CNPC contract, while getting new offers on old bids

Iraq, BP and CNPC Agree to Commercial Terms for Rumaila Field:

- Iraq's Ministry of Oil said it had agreed to commercial terms with BP and CNPC to increase production on the Rumaila field. BP and CNPC were the only companies to win a bid at Iraq's first oil and gas bid round in June. According to ministry spokesperson Assem Jihad, the contract will be sent to the cabinet for approval and then a date will be chosen to sign the contract at an official ceremony. Ministry of Oil official Abdul Mahdy al-Ameedi also said the Ministry hoped to award licenses for the West Qurna Phase 1 and Zubair oil fields by the end of October or early November since companies had resubmitted bids. Ameedi added that several of the oil firms that bid for the two fields had recently accepted the ministry's payment offers.

ECONOMIC – Oil



GOI finalizes BP/CNPC contract, while getting new offers on old bids

Italian-led Consortium Reaches Agreement with Iraq to Develop Zubair Field:

- Minister of Oil Husayn al-Shahristani announced on October 13 that an agreement had been reached between the Government of Iraq (GOI) and an Italian-led consortium to develop the Zubair oil field. ENI signed the agreement, but the Ministry has yet to do so. The consortium, made up of Italy's ENI, Occidental Petroleum Corporation of the United States, and Korea Gas Corporation of South Korea, will be paid \$2 for each extra barrel over the current production at the Zubair oilfield. Profits will be taxed by the GOI.

ECONOMIC – Private Sector



While Iraq continues in its efforts to promote business and investment opportunities, government commitment to change is still required

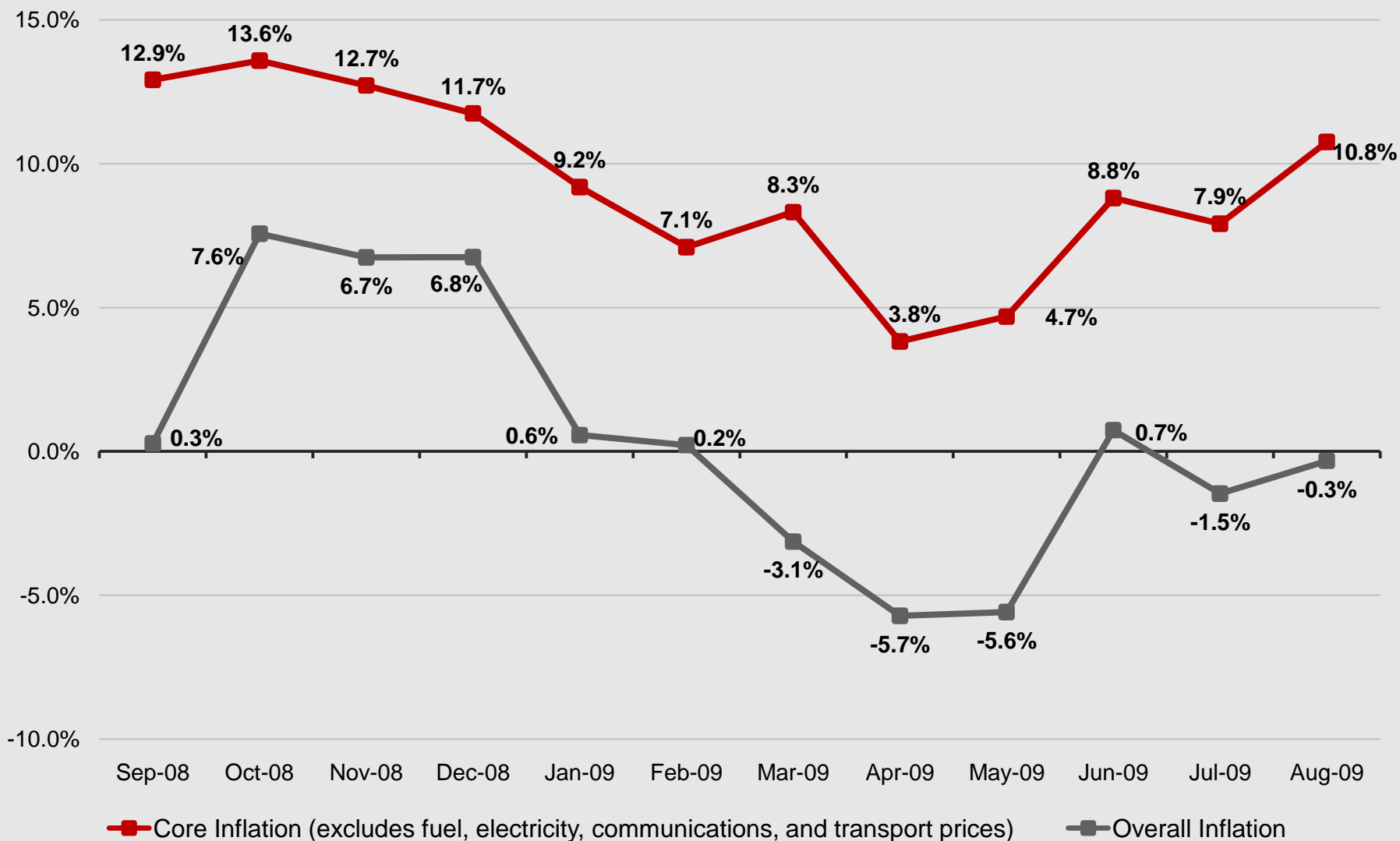
Senior U.S. Official Speaks about Ways to Increase Investment in Iraq:

- Ambassador Patricia Haslach stated in an interview that political deadlock was impeding Iraq's efforts to increase investment and that changes would require commitment from the government. "The ball is in their court now. They can't just say, 'We want you to invest here,'" Haslach said, "It's going to take a commitment from the government of Iraq to make the necessary changes ... that means the elected officials and the ministries have to make the hard decisions."

ECONOMIC - Fiscal and Monetary Affairs



Year-on-Year Inflation



ECONOMIC – Fiscal and Monetary Affairs



Negotiations continue between Iraq and the IMF over \$5.5 billion loan

Economic Indicator	This Week	Last Week	Last Month	Last Year
Iraqi Commercial Bond Sales				
Price (USD)	\$76.17	\$75.42	\$75.51	\$66.08
Yield	8.37%	8.47%	8.87%	10.96%

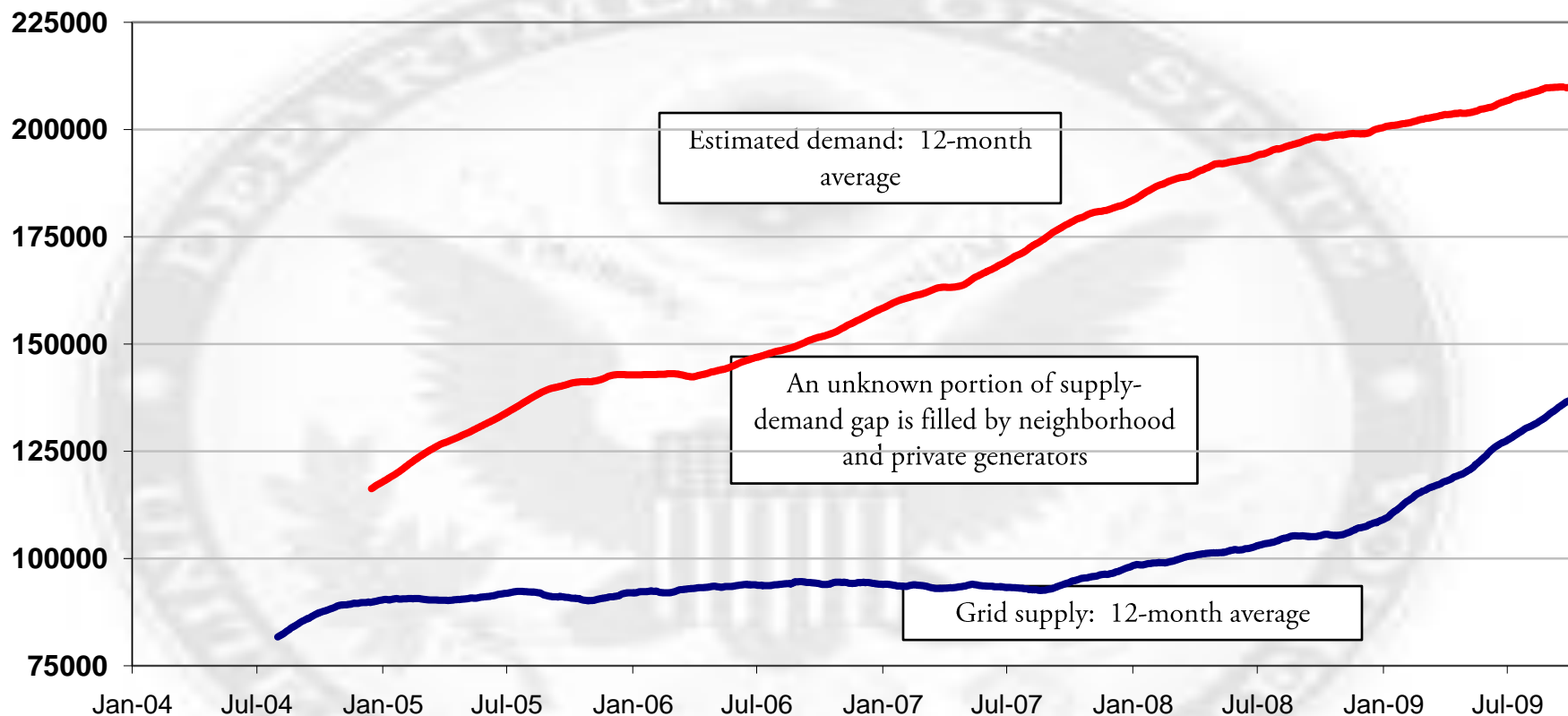
Prime Minister Maliki Comments on IMF Loan:

- During a meeting with businessmen in Baghdad, Iraqi Prime Minister Nuri al-Maliki stated that the Iraqi government would not be able to meet the IMF request to cut public sector pay. Iraq and the IMF are in negotiations for a \$5.5 billion loan which will be dispersed over a period of 18 months. Maliki did not indicate explicitly whether this request was a condition for the loan. As an alternative, the Prime Minister proposed developing oil revenues to get its public finances in order.

Public Services – Electricity



Electricity Supply from the Grid and Estimated Demand (MWh)



- October 7-13 electricity supply from the grid was 28% above the year-earlier period and met 69% of estimated demand, compared with 59% for the earlier period .

DIPLOMATIC – Political Engagement



GOI continues to increase cooperation with governments in the region

Iraq Participates in Regional Ministerial:

- Iraq participated in the 6th regional conference of interior ministers on October 14 to discuss cooperation on security and stability in Iraq. The meeting took place in Sharm al-Sheikh, and included interior ministers from Iraq, Saudi Arabia, Iran, Turkey, Syria, Kuwait, Jordan, Bahrain and Egypt.

Beyond Baghdad



The Kirkuk Solid Waste Management Program in Tamim

Tamim

Muthanna

Ninewa

“...we will help Iraq's institutions strengthen their capacity to protect the rule of law, confront corruption, and deliver basic services.”

President Barack Obama

Recent Highlights

The Kirkuk Solid Waste Management Program, a multi-partner project that includes the PRT, local and provincial governments, is currently collecting and safely disposing of massive amounts of garbage that have accumulated throughout the city. The clean-up will help address many health concerns associated with trash build up. The program includes a 48-acre landfill that meets both U.S. EPA environmental standards and the EU Landfill Directive. The landfill has two waste-transfer sites and it will employ over 700 local workers, boosting the local economy.

PRT Muthanna is reporting that several health workshops have been held throughout the province in sub-district health centers. Topics covered a wide range of health issues including Swine and Avian flu, the dangers of smoking, the importance of water treatment to prevent bacterial infections, and toy safety. Lastly, there was a vaccination campaign against diseases such as measles, cholera, and tetanus. Educational materials were also distributed to area schools.

The PRT Rule of Law team is working with Tal Afar's government and judicial officials to establish a new investigative and criminal courthouse for the city. The new project is drawing attention to human rights issues in the area, including that of individuals being processed through the juvenile justice system.



CONTACT INFORMATION

This brief draws from multiple sources. References are cited on the following pages.

For additional information, please see:

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<http://2001-2009.state.gov/p/nea/rls/rpt/>
- Department of Defense, Section 9010 Measuring Stability and Security in Iraq
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Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov



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